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NOTICE OF SETTLEMENT IN PRINCIPLE

PLEASE TAKE NOTICE that plaintiff City of Daly City has reached an agreement in principle with defendant Specialty National Insurance Company to settle the above-captioned matter. The parties are in the process of preparing settlement papers and will need approximately thirty (30) to forty-five (45) days to finalize the agreement.

In light of this agreement in principle, and in order to preserve party and judicial resources, the parties respectfully request that Specialty National be relieved from filing its Answer as ordered by the Court, currently due on or before December 1, 2008. The parties have also agreed to extend the deadline to serve their initial disclosures, currently due on December 1, 2008, to a later mutually agreeable date should settlement efforts fail.

Dated: November /9, 2008

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HAYES DAVIS BONINO

ELLINGSON McLAY & SCOTT, LLP

By:_

By:

MARK G. BÖNINO PHUÓNG N. FINGERMAN

Attorneys for Plaintiff CITY OF DALY CITY

Dated: November 8, 2008

CHARLSTON, REVICH & WOLLITZ, LLP

Cr

STEPHEN SOSKIN

Attorney for Defendant

SPECIALTY NATIONAL INSURANCE

COMPANY

IT IS SO ORDERED

Judge Claudia Wilken

DISTRICT OF CRIME

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